

FEDERAL DEPOSIT INSURANCE CORPORATION
WASHINGTON, D.C.

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In the Matter of)	
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THE CITIZENS BANK OF WEIR,)	ORDER TO
KANSAS)	CEASE AND DESIST
WEIR, KANSAS)	
)	
(Insured State Nonmember Bank))	FDIC-07-254b
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The Citizens Bank of Weir, Kansas, Weir, Kansas ("Bank"), having been advised of its right to a Notice of Charges and of Hearing detailing the unsafe or unsound banking practices and violations of law and/or regulations alleged to have been committed by the Bank and of its right to a hearing on the alleged charges under section 8(b)(1) of the Federal Deposit Insurance Act ("Act"), 12 U.S.C. § 1818(b)(1), and having waived those rights, entered into a STIPULATION AND CONSENT TO THE ISSUANCE OF AN ORDER TO CEASE AND DESIST ("CONSENT AGREEMENT") with counsel for the Federal Deposit Insurance Corporation ("FDIC"), dated November 29, 2007, whereby solely for the purpose of this proceeding and without admitting or denying the alleged charges of unsafe or unsound banking practices and violations of law and/or regulations, the Bank consented to the issuance of an ORDER TO CEASE AND DESIST ("ORDER") by the FDIC.

The FDIC considered the matter and determined that it had reason to believe that the Bank had engaged in unsafe or unsound banking practices and had committed violations of law and/or regulations. The FDIC, therefore, accepted the CONSENT AGREEMENT and issued the following:

ORDER TO CEASE AND DESIST

IT IS HEREBY ORDERED that the Bank, its directors, officers, employees, agents and other institution-affiliated parties (as that term is defined in Section 3(u) of the Act, 12 U.S.C. §1813(u)), and its successors and assigns cease and desist from the following unsafe or unsound banking practices and violations:

A. Operating with a board of directors which has failed to provide adequate supervision over and direction to the active management of the Bank;

B. Operating with management whose policies and practices are detrimental to the Bank and jeopardize the safety of its deposits;

C. Operating with inadequate capital in relation to the kind and quality of assets and liabilities held by the Bank;

D. Operating with an inadequate allowance for loan and lease losses ("Allowance");

E. Operating in such a manner as to produce inadequate earnings;

F. Operating with an excessive level of adversely classified loans or assets, and/or delinquent and/or non-accrual loans;

G. Engaging in hazardous lending and lax collection practices;

H. Operating with an inadequate loan review system;

I. Operating with inadequate provisions for liquidity and an inadequate funds management policy;

J. Operating with inadequate internal routine and control policies;

K. Engaging in violations of law and applicable regulations;

L. Operating with inadequate Bank Secrecy Act/Anti-Money Laundering ("BSA") and Office of Foreign Assets Control Compliance Programs ("OFAC");

M. Operating with an inadequate audit program; and

N. Operating with an inadequate information security program.

IT IS FURTHERED ORDERED that the Bank, its institution-affiliated parties, and its successors and assigns, take affirmative action as follows:

A. GENERAL SAFETY AND SOUNDNESS**1. Assessment of Management.**

(a) Within 45 days from the effective date of this ORDER, the board of directors shall engage an independent third party acceptable to the FDIC and the Office of the State Bank Commissioner, Division of Banking, for the State of Kansas ("Commissioner"), and that possesses appropriate expertise and qualifications to analyze and assess the Bank's management and staffing needs. The engagement shall require that the analysis and assessment be summarized in a written report to the board of directors ("Management Report") within 45 days of engagement. Within 10 days of receipt of the Management Report, the board will conduct a full and complete review of the Management Report, which review shall be recorded in the minutes of the meeting of the board of directors.

(b) The Bank shall provide the FDIC and the Commissioner with a copy of the proposed engagement letter or contract with the third party for review before it is executed. The contract or engagement letter, at a minimum, shall include:

(i) A description of the work to be performed under the contract or engagement letter, the fees for each significant element of the engagement, and the aggregate fee;

(ii) The responsibilities of the firm or individual;

(iii) An identification of the professional standards covering the work to be performed;

(iv) Identification of the specific procedures to be used when carrying out the work to be performed;

(v) The qualifications of the employee(s) who are to perform the work;

(vi) The time frame for completion of the work;

(vii) Any restrictions on the use of the reported findings;

(viii) A provision for unrestricted examiner access to workpapers; and

(ix) A certification that the firm or individual is not affiliated in any manner with the Bank.

(c) Within 30 days of receipt of the Management Report, the board will develop a written Management Plan that incorporates or otherwise addresses the findings of the report, a plan of action in response to each recommendation contained in the Management Report, and a time frame for completing each action. A copy of the Management Report and Management Plan and any subsequent modification thereto shall be submitted to the FDIC and the Commissioner for review and comment. Within 30 days from receipt of any comment, and after the Bank's consideration of those comments, the board of directors shall approve the Management Plan which approval shall be recorded in

the minutes of the meeting of the board of directors.

Thereafter, the Bank and its directors, officers and employees shall implement and follow the Management Plan and any modifications thereto. It shall remain the responsibility of the board to fully implement the plan within the specified time frames. In the event the plan, or any portion thereof, is not implemented, the board shall immediately advise the FDIC and the Commissioner, in writing, of specific reasons for deviating from the Management Plan. At a minimum, the Management Plan shall:

(i) Contain a recitation of the recommendations included in the Management Report or otherwise communicated to the Bank, along with a copy of any report(s) prepared by the outside consultant(s);

(ii) Identify the type and number of officer positions needed to manage and supervise the affairs of the Bank, detailing any vacancies or additional needs and giving appropriate consideration to the size and complexity of the Bank;

(iii) Identify the type and number of staff positions needed to carry out the Bank's strategic plan, detailing any vacancies or additional needs;

(iv) Present a clear and concise description of the relevant knowledge, skills, abilities, and experience necessary

for each position, including delegations of authority and performance objectives;

(v) Identify and establish Bank committees needed to provide guidance and oversight to management; and

(vi) Establish procedures to periodically review and update the Management Plan, as well as periodically review and assess the performance of each officer and staff member.

2. Management Changes.

During the life of this ORDER, the Bank shall notify the FDIC and the Commissioner in writing of any resignations and/or terminations of any members of its board of directors and/or any of its senior officer(s) within 15 days of the event. The Bank shall also establish procedures to ensure compliance with section 32 of the FDI Act, 12 U.S.C. § 1831i and Subpart F of Part 303 of the FDIC's Rules and Regulations, 12 C.F.R. §§ 303.100 through 303.103. In addition, the Bank shall notify the FDIC and the Commissioner in writing when it proposes to add any individual to the Bank's board of directors or employ any individual as a senior executive officer. The notification must be received at least 30 days before such addition or employment is intended to become effective and should include a description of the background and experience of the individual(s) to be added or employed.

3. Minimum Capital Requirements.

(a) The Bank shall achieve and maintain the following minimum capital levels (as defined in Part 325 of the FDIC's Rules and Regulations), after establishing an adequate Allowance:

(i) Tier 1 capital at least equal to 8 percent of total assets;

(ii) Tier 1 risk-based capital at least equal to 6 percent of total risk-weighted assets; and

(iii) Total risk-based capital at least equal to 10 percent of total risk-weighted assets.

(b) In addition, the Bank shall comply with the FDIC's Statement of Policy on Risk-Based Capital found in Appendix A to Part 325 of the FDIC Rules and Regulations, 12 C.F.R. Part 325, App. A.

4. Capital Plan.

(a) In the event any of the ratios set forth in paragraph 3 above fall below the required minimum, the board shall, within 15 days thereafter, develop a capital plan that shall be submitted to the FDIC and the Commissioner for review and comment. Within 10 days of receipt of all such comments from the FDIC and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which

approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the capital plan. The board shall review and update the Bank's capital plan on an annual basis, or more frequently if necessary. Copies of the reviews and updates shall be submitted to the FDIC and the Commissioner. At a minimum, the plan shall include:

(i) specific plans to achieve the capital levels required under the plan and this ORDER;

(ii) specific plans for the maintenance of adequate capital that may in no event be less than the requirements of paragraph 3 of this ORDER;

(iii) projections for asset growth and capital requirements, and such projections shall be based upon a detailed analysis of the Bank's current and projected assets, liabilities, earnings, fixed assets, and off-balance sheet activities, each of which shall be consistent with the Bank's strategic business plan;

(iv) projections for the amount and timing of the capital necessary to meet the Bank's current and future needs;

(v) the primary source(s) from which the Bank will strengthen its capital to meet the Bank's needs; and

(vi) contingency plans that identify alternative sources of capital should the primary source(s) under (v) above not be available.

(b) The board shall ensure that the Bank has processes, personnel, and control systems to ensure implementation of and adherence to the program developed pursuant to this paragraph.

(c) Any increase in capital necessary to meet the requirements of this paragraph may be accomplished by the following:

(i) The sale of new securities in the form of common stock;

(ii) The sale of noncumulative perpetual preferred stock;

(iii) The direct contribution of cash by the directors, shareholders, or parent holding company of the Insured Bank; or

(iv) Any other method acceptable to the FDIC and Commissioner and approved in advance in writing by the FDIC and Commissioner.

(d) No increase in Tier 1 capital necessary to meet the requirements of this ORDER may be accomplished through a deduction from the Bank's Allowance or other reserve accounts. Further, the Bank shall not lend funds directly or indirectly, whether secured or unsecured, to any purchaser of Bank or affiliate stock or other securities, or to any investor by any

other means for any portion of any increase in capital required herein.

5. Dividend Restrictions.

While this ORDER is in effect, the Bank shall not declare or pay any cash dividends without the prior written approval of the FDIC and the Commissioner.

6. Maintenance of Allowance For Loan and Lease Losses.

Within 60 days from the effective date of this ORDER, the board shall establish a comprehensive policy and methodology for determining the adequacy of its Allowance. The policy shall provide for a review of the Allowance at least once each calendar quarter and be completed at least 10 days prior to the end of each quarter in order that the results of the review conducted by the board may be properly reported in the quarterly Reports of Condition and Income. Such reviews shall, at a minimum, include the Federal Financial Institutions Examination Council's Instructions for the Reports of Condition and Income, the Interagency Statement of Policy on the Allowance for Loan and Lease Losses, other applicable regulatory guidance that addresses the adequacy of the Bank's Allowance, and any analysis of the Bank's Allowance provided by the FDIC and the Commissioner.

7. **Charge-off of Adversely Classified Assets and Contingent Liabilities.**

(a) Within 10 days from the effective date of this ORDER, the Bank shall: (i) eliminate from its books, by charge-off or collection, all assets or portions of assets classified "Loss" in the July 18, 2007, Report of Examination ("Report of Examination"), that have not been previously collected or charged off; and (ii) increase its Allowance by an amount equal to 50 percent of all loans or leases classified "Doubtful."

(b) Elimination or reduction of assets through proceeds of loans made by the Bank is not considered collection for purposes of this paragraph.

8. **Reduction of Adversely Classified Assets.**

(a) Within 60 days from the effective date of this ORDER, the Bank shall formulate a written plan to reduce the Bank's risk exposure in each asset in excess of \$25,000 "Substandard" or "Doubtful" in the Report of Examination. For purposes of this paragraph, "reduce" means to collect, charge-off, or improve the quality of an asset so as to warrant its removal from adverse classification by the FDIC and the Commissioner. In developing the plan mandated by this paragraph, the Bank shall, at a minimum, and with respect to each adversely classified loan or lease, review, analyze, and document the

financial position of the borrower, including source of repayment, repayment ability, and alternative repayment sources, as well as the value and accessibility of any pledged or assigned collateral, and any possible actions to improve the Bank's collateral position.

(b) Upon completion of the plan, the Bank shall immediately submit it to the Regional Director and the Commissioner for review and comment. Within 30 days from receipt of any comment from the Regional Director and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the plan.

9. Restrictions on Advances to Adversely Classified Borrowers.

(a) While this ORDER is in effect, the Bank shall not extend, directly or indirectly, any additional credit to, or for the benefit of, any borrower who has a loan or other extension of credit or obligation with the Bank that has been, in whole or in part, charged off or classified "Loss" and is uncollected. The requirements of this paragraph shall not prohibit the Bank from renewing, after collecting in cash all interest and fees due from a borrower, any credit already extended to the

borrower. This provision shall not apply if the Bank's failure to extend further credit to a particular borrower would be detrimental to the best interests of the Bank. Prior to extending additional credit pursuant to this paragraph, whether in the form of a renewal, extension, or further advance of funds, such additional credit shall be approved by the Bank's board of directors, who shall certify, in writing:

(i) Why failure of the Bank to extend such credit would be detrimental to the best interests of the Bank;

(ii) That the extension of such credit would improve the Bank's position, including an explanatory statement of how the Bank's position would improve;

(iii) An appropriate workout plan has been developed and will be implemented in conjunction with the additional credit to be extended; and

(iv) The signed certification shall be made a part of the minutes of the meeting of the board of directors with a copy retained in the borrower's credit file.

(b) While this ORDER is in effect, the Bank shall not make any further extensions of credit, directly or indirectly, to any borrower whose loans are adversely classified "Substandard" or "Doubtful" by the FDIC and the Commissioner, without prior approval by the Bank's board of directors. The Bank's board of

directors shall not approve the proposed extension without first making affirmative determinations that:

(i) The extension of credit is in full compliance with the Bank's loan policy;

(ii) The extension of credit is necessary to protect the Bank's interests, or is adequately secured;

(iii) The Bank found the primary and secondary obligors to be creditworthy based on a credit analysis; and

(iv) All necessary loan documentation is on file, including, at a minimum, current financial and cash flow information, and satisfactory appraisal, title and lien documents.

(c) The affirmative determination shall be recorded in the minutes of the meeting of the board of directors, with a copy retained in the borrower's credit file.

10. Correction of Technical Exceptions.

(a) Within 60 days from the effective date of this ORDER, the Bank shall correct the exceptions listed on the "Assets with Credit Data or Collateral Documentation Exceptions" pages of the Report of Examination. All attempts to correct exceptions shall be documented in the borrowers' credit files. In all future operations, the Bank shall ensure that all necessary supporting

documentation is obtained and evaluated before any credit or loan is extended by the Bank.

(b) Progress reports detailing each outstanding exception and the Bank's plan for corrective action shall be submitted to the board for review during each regularly scheduled meeting. The review shall be noted in the minutes of the meeting of the board of directors.

11. Reduction of Special Mention Assets.

Within 60 days from the effective date of this ORDER, the Bank shall develop a plan to correct all deficiencies in the assets listed for "Special Mention" in the FDIC Report of Examination. The Bank shall immediately submit the plan to the Regional Director and the Commissioner for review and comment. Within 30 days from receipt of any comment from the Regional Director and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the plan, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the plan.

12. Implementation of Loan Policy.

Within 60 days from the effective date of this ORDER, and annually thereafter, the board of directors of the Bank shall

review the Bank's loan policies and procedures for adequacy and, based upon this review, shall make all appropriate revisions to the policies and procedures necessary to strengthen the Bank's asset quality and lending functions and to prevent further deterioration.

13. Implementation of Loan Review.

(a) Within 60 days of the effective date of this ORDER, the board shall develop a program of independent loan review that will provide for a periodic review of the Bank's loan portfolio and the identification and categorization of problem credits.

(b) The Bank shall submit the program to the FDIC and the Commissioner for review and comment. Within 30 days from receipt of any comment from the FDIC and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the program, which approval shall be recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the program.

(c) All reports and recommendations, as well as any resulting determinations, shall be presented to the board of directors on at least a quarterly basis and shall be recorded and retained in the minutes of the meeting of the board of directors.

14. Internal and External Audits.

Within 60 days from the effective date of this ORDER, the Bank shall develop internal and external audit programs that establish procedures to protect the integrity of the Bank's operational and accounting systems. The programs shall be in a form and manner acceptable to the FDIC and the Commissioner and, at a minimum, shall conform to the applicable Interagency Policy Statement on the Internal Audit Function and its Outsourcing, and the Interagency Policy Statement on External Auditing Programs of Banks and Savings Associations. The programs shall provide procedures to test the validity and reliability of operating systems, procedural controls, and resulting records. In addition, the programs shall provide for monthly reports of audit findings from the auditors directly to the Bank's board of directors. The minutes of the meetings of the board of directors shall reflect consideration of these reports and describe any discussion or action taken as a result thereof. The Bank shall submit the audit programs to the FDIC and the Commissioner for review and comment. Within 30 days from the receipt of any such comments from the FDIC and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the programs, which approval shall be recorded in the minutes of the meeting of the board of directors. The Bank shall thereafter implement and enforce the program.

15. Internal Routine and Control Deficiencies.

Within 60 days from the date of this ORDER, the board of directors shall take all reasonable efforts to correct the internal routine and control deficiencies detailed in the Report of Examination. Deficiencies not corrected because of cost or other reasons shall be explained in writing and submitted to the FDIC and the Commissioner for comment. Additionally, within 120 days of the effective date of this ORDER, policies and procedures shall be established to prevent the recurrence of any deficiencies noted. The Bank shall submit the policies to the FDIC and the Commissioner for review and comment. Within 30 days from the receipt of any such comments from the FDIC and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the policies, which approval shall be recorded in the minutes of the meeting of the board of directors. The Bank shall thereafter implement and enforce the policies.

16. Violations.

(a) Within 60 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all violations of laws, rules and regulations cited by the FDIC in the Report of Examination. In addition, within 30 days from the effective date of this ORDER, the Bank shall adopt and implement

appropriate procedures to ensure future compliance with all applicable laws, rules and regulations.

(b) Within 60 days after the effective date of this ORDER, the Bank shall eliminate and/or correct all contraventions of policy cited in the Report of Examination. In addition, within 60 days from the effective date of this ORDER, the Bank shall adopt and implement appropriate procedures to ensure future compliance with all applicable policies.

(c) For any violation or contravention that can not be corrected, the Bank shall document the reasons for such failure, which shall be reviewed by the Bank's board of directors at its next monthly meeting and made a part of its minutes.

17. Strategic Planning.

(a) Within 90 days after the effective date of this ORDER, the Bank shall develop a comprehensive business/strategic plan covering at least an operating period of three years. The plan required by this paragraph shall contain an assessment of the Bank's current financial condition and market area, and a description of the operating assumptions that form the basis for major projected income and expense components.

(b) The written strategic plan shall address short-term goals and operating plans to comply with the terms of this ORDER and correct all regulatory criticisms; intermediate goals and

project plans; and long-range goals and project plans. In addition, the plan shall address, at a minimum:

(i) Strategies for pricing policies and asset/liability management;

(ii) The anticipated average maturity and average yield on loans and securities; the average maturity and average cost of deposits; the level of earning assets as a percentage of total assets; and the ratio of net interest income to average earning assets;

(iii) The dollar volume of total loans, total investment securities, and total deposits;

(iv) Plans for sustaining adequate liquidity, including back-up lines of credit to meet any unanticipated deposit withdrawals;

(v) Goals for reducing problem loans; and

(vi) Financial goals, including pro forma statements for asset growth, capital adequacy, and earnings.

(c) The Bank shall submit the strategic plan to the FDIC and the Commissioner for review and comment. Within 10 days of receipt of all such comments from the FDIC and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors.

Thereafter, the Bank shall implement and follow the strategic plan.

(d) Within 30 days from the end of each calendar quarter following the effective date of this ORDER, the Bank's board of directors shall evaluate the Bank's performance in relation to the strategic plan required by this paragraph and record the results of the evaluation, and any actions taken by the Bank, in the minutes of the meeting of the board of directors during which such evaluation is undertaken. In the event the board of directors determines that the strategic plan should be revised in any manner, the strategic plan shall be revised and submitted to the FDIC and the Commissioner for review and comment within 30 days after such revisions have been approved by the board of directors. Within 10 days of receipt of all such comments from the FDIC and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement the revised plan.

18. Profit and Budget Plan.

Within 60 days from the effective date of this ORDER, and within the first 30 days of each calendar year thereafter, the board of directors shall develop and fully implement a written

profit plan consisting of goals and strategies, consistent with sound banking practices, and taking into account the Bank's other written plans, policies, or other actions as required by this Order. The profit plan and any subsequent modification thereto shall be submitted to the FDIC and the Commissioner for review and comment. No more than 30 days after the receipt of any comment from the FDIC or and the Commissioner, the board of directors shall approve the profit plan, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank, its directors, officers, and employees shall fully implement the profit plan and any subsequently approved modification. The written profit plan shall include, at a minimum:

(a) Identification of the major areas in and means by which the board of directors will seek to improve the Bank's operating performance, including, but not limited to, eliminating preferential interest rates paid on deposits owned by Bank insiders and/or employees of the Bank;

(b) Specific goals to improve the net interest margin, increase interest income, reduce discretionary expenses, and improve and sustain earnings, as well as maintain adequate provisions to the allowance for loan and lease losses;

(c) Realistic and comprehensive budgets for all categories of income and expense items;

(d) A description of the operating assumptions that form the basis for, and adequately support, material projected revenue and expense components;

(e) Coordination of the Bank's loan, investment, funds management, and operating policies; strategic plan; and allowance for loan and lease loss methodology with the profit and budget planning;

(f) A budget review process to monitor the revenue and expenses of the Bank whereby actual performance is compared against budgetary projections not less than quarterly, recording the results of the evaluation and any actions taken by the Bank in the minutes of the board of directors meeting at which such evaluation is undertaken; and

(g) Individual(s) responsible for implementing each of the goals and strategies of the Profit Plan.

19. Liquidity, Funds Management, Interest Rate Risk and Sensitivity.

(a) Within 60 days from the effective date of this ORDER, the Bank shall review its written funds management policies and plans, and amend each as necessary, to address the criticisms in the Report of Examination and, at a minimum, shall:

(i) Define the asset/liability committee's membership, responsibilities and authorities, minimum frequency

of meetings, reporting from management, and reporting to the board;

(ii) Identify personnel responsible for the funds management functions within the Bank;

(iii) Provide a statement of the Bank's long-term and short-term liquidity needs and plans for insuring that such needs are met;

(iv) Provide for a periodic review of the Bank's deposit structure. Include the volume and trend of total deposits and the volume and trend of the various types of deposits offered, the maturity distribution of time deposits, rates being paid on each type of deposit, rates being paid by trade area competition, caps on large time deposits, public funds, out-of-area deposits, and any other information needed;

(v) Provide for a periodic calculation to determine the extent to which the Bank is funding long-term assets with short-term liabilities;

(vi) Establish limits for the Bank's ratio of total loans to total assets;

(vii) Establish parameters for use, volume, and maturities of brokered deposits, deposits obtained through solicitation services, and borrowings;

(viii) Establish target percentage levels to which the Bank will limit the volume of loans and other long-term assets which are funded by potentially volatile liabilities; and

(ix) Establish contingency plans by identifying alternative courses of action designed to meet the Bank's liquidity needs.

(b) Further, within 60 days after the effective date of the ORDER, the Bank shall review, and amend as necessary, the Bank's written interest rate risk policy. At a minimum, the policy shall include guidelines for the following:

(i) Measures designed to control the nature and amount of interest rate risk the Bank takes, including those that specify risk limits and define lines of responsibilities and authority for managing risk;

(ii) A system for identifying and measuring interest rate risk, including a periodic calculation to measure interest rate risk exposure at various time horizons, and establish target ratios;

(iii) Establish goals and strategies for reducing and managing the Bank's interest rate risk exposure;

(iv) A system for monitoring and reporting risk exposures; and

(v) A system of internal controls, review, and audit to ensure the integrity of the overall risk management process.

(c) The Bank shall submit all Liquidity, Funds Management, Interest Rate Risk and Sensitivity plans and/or policies and any future modifications to the FDIC and the Commissioner for review and comment. Within 10 days of receipt of all such comments from the FDIC and the Commissioner, and after consideration of all such comments, the Bank shall approve the revised policy, which approval shall be recorded in the minutes of the meeting of the board of directors. Thereafter, the Bank shall implement and fully comply with the policy. Annually or more frequently thereafter, while this ORDER is in effect, the Bank shall review these policies for adequacy and, based upon the above criteria, shall make necessary revisions to the policies.

B. BANK SECRECY ACT (BSA COMPLIANCE)

20. BSA Officer and BSA Reporting.

Within 30 days from the effective date of this ORDER, the Bank shall designate a qualified officer ("BSA Officer") responsible for managing, coordinating and monitoring the Bank's BSA and OFAC compliance programs. The BSA Officer shall have the responsibility and necessary authority to ensure the Bank's compliance with the BSA and OFAC rules and regulations and related matters, including, without limitation, the identification of timely, accurate and complete reporting to law enforcement and supervisory authorities of required currency

transaction reports and reports regarding unusual or suspicious activity or known or suspected criminal activity perpetrated against or involving the Bank.

21. BSA/AML and OFAC Risk Assessments.

(a) Within 30 days from the effective date of this ORDER, the Bank shall perform a comprehensive assessment of the vulnerability of its banking operations to attempts to launder money, finance terrorism, or conduct other criminal activities ("BSA/Anti-Money Laundering ("AML") risk assessment"). The BSA/AML risk assessment may be performed by qualified Bank personnel or an independent contractor/consultant acceptable to the FDIC and the Commissioner. The BSA/AML risk assessment shall weigh all relevant factors, including identification and measurement of the specific risk characteristics of the Bank's products, services, customers, transactions, and geographic locations.

(b) Within 30 days from the effective date of this ORDER, the Bank shall perform a comprehensive assessment of its OFAC risk profile ("OFAC risk assessment"). The OFAC risk assessment may be performed by qualified Bank personnel or an independent contractor/consultant acceptable to the FDIC and the Commissioner. The OFAC risk assessment shall consider the Bank's specific product lines, customer base, nature of

transactions, and identification of high-risk areas for OFAC transactions.

(c) The Bank shall review and update its BSA/AML risk assessment and its OFAC risk assessment at least annually.

(d) The initial BSA/AML and OFAC risk assessments and subsequent updates shall be reported to and reviewed by the Bank's board of directors, which shall be recorded in the minutes of the board of directors.

22. BSA/AML Compliance Program.

(a) Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt, and implement a revised, written BSA/AML compliance program designed to ensure compliance with the BSA, including the provisions of the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001) ("USA PATRIOT Act"). The BSA/AML compliance program shall be tailored to address the risk profile of the Bank identified in the BSA/AML risk assessment required by paragraph 21 above. The BSA/AML compliance program shall address all requirements of section 326.8 of the FDIC Rules and Regulations, 12 C.F.R. § 326.8. Additionally, it shall:

(i) provide for BSA training of all appropriate Bank employees and the Bank's board of directors;

(ii) detail the scope and manner of independent testing of the Bank's BSA/AML compliance program and require such testing on a regular basis;

(iii) provide for an effective system of internal controls to ensure ongoing compliance with the BSA, including, at a minimum, steps designed to:

1. ensure that all required reports are completed accurately and in a timely manner; and
2. verify that accurate records are maintained to comply with recordkeeping requirements regarding loans, deposits, wire transfers, and monetary instrument sales;

(iv) define recordkeeping requirements regarding the wire transfer function and Bank procedures regarding international wire transfer activity; and

(v) establish policies and procedures to identify and monitor higher risk accounts.

(b) The BSA/AML compliance program (and any subsequent modification) shall be submitted to the FDIC and the Commissioner for review and comment. No more than 30 days after receipt of any comments from the FDIC and the Commissioner, and after consideration of such comments, the board of directors shall approve the BSA/AML compliance program (or any subsequent modification), which approval shall be recorded in the minutes of the board of directors. Thereafter, the Bank and its

institution-affiliated parties shall implement and follow the BSA/AML compliance program (or any properly approved subsequent modification).

23. OFAC Compliance Program.

(a) Within 60 days from the effective date of this ORDER, the Bank shall develop, adopt and implement a revised, written program and procedures to ensure compliance with outstanding OFAC sanctions ("OFAC compliance program"). The OFAC compliance program shall be tailored to address the OFAC risk profile of the Bank identified in the OFAC risk assessment required by paragraph 21 above. The OFAC compliance program shall address all requirements of applicable OFAC guidance, including:

- (i) identifying and monitoring high-risk areas;
- (ii) providing for appropriate internal controls for screening and reporting;
- (iii) establishing independent testing for compliance;
- (iv) designating a Bank employee or employees as responsible for OFAC compliance; and
- (v) creating training programs for the board of directors and appropriate personnel in all relevant areas of the Bank.

(b) The OFAC compliance program (and any subsequent modification) shall be submitted to the FDIC and the

Commissioner for review and comment. No more than 30 days after receipt of any comments from the FDIC and the Commissioner, and after consideration of such comments, the board of directors shall approve the OFAC compliance program (or any subsequent modification), which approval shall be recorded in the minutes of the board of directors. Thereafter, the Bank and its institution-affiliated parties shall implement and follow the OFAC compliance program (or any properly approved subsequent modification).

24. Independent Testing.

(a) Within 90 days, the Bank shall independently test its revised BSA/AML and OFAC compliance programs to ensure proper controls are in place and are effective. Independent testing shall be completed on a periodic basis by a qualified individual or entity independent of the Bank's BSA and OFAC compliance programs. The independent testing shall be conducted in compliance with the FDIC's "Guidelines for Monitoring Bank Secrecy Act Compliance" and shall include:

(i) an evaluation of the overall integrity and effectiveness of the BSA/AML compliance program, including policies, procedures, and processes;

(ii) a review of the Bank's BSA/AML risk assessment for reasonableness given the Bank's risk profile (products, services, customers, and geographic locations);

(iii) appropriate transaction testing to verify the Bank's adherence to the BSA recordkeeping and reporting requirements, including SARs, CTRs, CTR exemptions, and customer identification program;

(iv) an evaluation of management's efforts to resolve violations and deficiencies noted in previous audits and regulatory examinations, including progress in addressing outstanding supervisory actions, if applicable;

(v) a review of staff training for adequacy, accuracy, and completeness;

(vi) a review of the effectiveness of the suspicious activity monitoring systems (manual, automated, or a combination) used for BSA compliance and related reports which may include, but are not limited to:

1. suspicious activity monitoring reports;
2. large currency aggregation reports;
3. monetary instrument records;
4. funds transfer records;
5. nonsufficient funds (NSF) reports;
6. large balance fluctuation reports; and
7. account relationship reports.

(vii) an assessment of the overall process for identifying and reporting suspicious activity, including a review of filed or prepared SARs to determine their accuracy, timeliness, completeness, and effectiveness of the Bank's policy.

(b) The independent auditor shall document the audit scope, procedures performed, transaction testing completed, and findings of the review. All audit documentation and workpapers shall be retained and made available for examiner review. Any violations, policy or procedures exceptions, or other deficiencies noted during the independent testing should be included in an audit report and reported to the board of directors or a designated committee in a timely manner, and the board shall record the steps taken to correct any exceptions noted and/or address any recommendations in the minutes of the board of directors' meeting.

25. Training Programs.

Within 60 days from the effective date of this ORDER, the Bank shall enhance and update its training program to provide for periodic training for Bank personnel and appropriate recordkeeping to document such training. The Bank's training program shall ensure that all appropriate Bank personnel have information and knowledge of, and can comply with, the

requirements of the BSA, the financial recordkeeping regulations of the U. S. Department of the Treasury, USA PATRIOT Act, OFAC guidelines, and the Bank's policies and procedures relating to such laws, regulations, and guidelines. The Bank's training program shall also ensure that Bank management, including the BSA Officer and the board of directors, are fully informed of any changes or developments in these laws, regulations, and guidelines and the Bank's responsibility for full compliance therewith.

26. Customer Identification Program.

(a) Within 60 days of the effective date of this ORDER, the Bank shall develop, adopt, and implement a revised, written Customer Identification Program designed to ensure compliance with 31 C.F.R. Part 103.121 of the Department of the Treasury's Financial Recordkeeping and Reporting Regulations.

(b) The Customer Identification Program (and any subsequent modification) shall be submitted to the FDIC and the Commissioner for review and comment. Within 30 days from receipt of any comment from the FDIC and the Commissioner, and after due consideration of any recommended changes, the Bank shall approve the program, with its approval recorded in the minutes of the board of directors meeting. Thereafter, the Bank shall implement and fully comply with the program.

27. Information Sharing Between Federal Law Enforcement Agencies and Financial Banks.

Within 60 days of the effective date of this ORDER, the Bank shall search required records pursuant to 31 C.F.R. Part 103.100 of the Department of the Treasury's Financial Recordkeeping and Reporting Regulations. Required records shall be searched based on information requests from the Financial Crimes Enforcement Network (FinCEN) for the preceding 12 months of the effective date of this ORDER and going forward. If the Bank identifies an account or transaction identified with any individual, entity, or organization named in a request from FinCEN, it shall report to FinCEN, in the manner and in the time frame specified in FinCEN's request, the information required per 31 C.F.R. Part 103.100.

C. INFORMATION TECHNOLOGY MATTERS

28. Information Security Program.

Develop an "Information Security Program" as that term is used in Part 364, Appendix B, of the FDIC Rules and Regulations, 12 C.F.R. Part 364, Appendix B, that at a minimum conforms to the guidelines therein. As a part of the development of the Information Security Program, the Bank shall:

(a) Within 30 days of the effective date of this ORDER, retain a consultant acceptable to the Regional Director and the

Commissioner to assist in the development and implementation of the Bank's Information Security Program;

(b) Within 60 days of the effective date of this ORDER, (1) review and modify the risk assessment of the Bank's information assets and information systems, including recovery from disasters and other unforeseeable events, (2) document the scope and methodology used in the assessment to identify and quantify the risks, and (3) submit the modified risk assessment to the Regional Director and the Commissioner;

(c) Within 90 days of the effective date of this ORDER, (1) develop Information Security Program policies and procedures to protect against the risks identified in the Bank's risk assessment prepared pursuant to paragraph 28b of this ORDER, which shall include administrative, technical and physical safeguards, and (2) submit the policies and procedures to the Regional Director and the Commissioner; and

(d) Within 60 days from the effective date of this ORDER, and in conjunction with the requirements of paragraph 14 of this ORDER, the bank shall develop a written audit program that provides for testing the Bank's compliance with its Information Security Program, which shall include the scope, frequency, and types of audits to be performed, and provide for review of the audits by the Bank's board of directors. The program shall include provisions for reporting, monitoring, and resolving

audit and/or regulatory findings. Within the same 60 day period the bank shall submit the audit program to the Regional Director.

29. Adoption of Information Security Program.

Within 30 days after the receipt of any comments from the Regional Director and the Commissioner on the Information Security Program proposed by the Bank, and after due consideration of any recommended changes, the Bank's board of directors shall meet, approve the Information Security Program and record the approval in the minutes of the meeting. The Bank, its directors, officers and employees shall implement and follow the approved Information Security Program once it is adopted.

D. ADMINISTRATIVE COMPLIANCE MATTERS

30. Shareholder Disclosure.

Following the effective date of this ORDER, the Bank shall provide to its shareholders or otherwise furnish a description of this ORDER, (i) in conjunction with the Bank's next shareholder communication, and (ii) in conjunction with its notice or proxy statement preceding the Bank's next shareholder meeting. The description shall fully describe the ORDER in all material respects. The description and any accompanying

communication, statement, or notice shall be sent to the FDIC, Division of Supervision and Consumer Protection, Accounting and Securities Disclosure Section, 550 17th Street, N.W., Room F-6066, Washington, D.C. 20429, for review at least 20 days prior to dissemination to shareholders. Any changes requested to be made by the FDIC shall be made prior to dissemination of the description, communication, notice, or statement.

31. Progress Reports.

(a) Within 40 days of the end of the first quarter following the effective date of this ORDER, and within 40 days of the end of each quarter thereafter, the Bank shall furnish written progress reports to the FDIC and the Commissioner detailing the form, manner, and results of any actions taken to secure compliance with this ORDER. Such written progress reports shall provide cumulative detail of the Bank's progress toward achieving compliance with each provision of the ORDER, including appropriate supporting documentation.

(b) Progress reports may be discontinued when the FDIC and Commissioner have, in writing, released the Bank from making additional reports.

32. Effective Date and Binding Effect.

The effective date of this ORDER shall be immediately upon its issuance by the FDIC.

The provisions of this ORDER shall be binding upon the Bank, its institution-affiliated parties, and any successors and assigns thereof.

The provisions of this ORDER shall remain effective and enforceable except to the extent that, and until such time as, any provision has been modified, terminated, suspended, or set aside by the FDIC.

Issued Pursuant to Delegated Authority

Dated: December 3, 2007

By: _____
Thomas J. Dujenski
Deputy Regional Director
FDIC, Kansas City Regional Office